

FINANCE

Contract signed at Versailles July 16, 1782.

Ratified by the Congress of the United States (Continental Congress)

January 22, 1783

Ratified by France December 21, 1783

Ratifications exchanged at Paris about January 1, 1784

Entered into force January 1, 1784

Expired upon execution of contract

8 Stat. 614; Treaty Series 83¼¹

CONTRACT BETWEEN THE KING AND THE THIRTEEN UNITED STATES OF NORTH AMERICA

[TRANSLATION]

The King having been pleased to attend to the requests made to him in the name and on behalf of the united provinces of North America for assistance in the war and invasion under which they had for several years groaned; and His Majesty, after entering into a Treaty of Amity and Commerce² with the said confederated provinces on the 6th of February, 1778, having had the goodness to support them, not only with his forces by land and sea, but also with advances of money, as abundant as they were effectual in the critical situation to which their affairs were reduced; it has been judged proper and necessary to state exactly the amount of those advances, the conditions on which the King made them, the periods at which the Congress of the United States have engaged to repay them to His Majesty's royal treasury, and, in fine, to state this matter in such a way as for the future to prevent all difficulties capable of interrupting the good harmony which His Majesty is resolved to maintain and preserve between him and the said United States. For executing so laudable a purpose, and with a view to strengthen the bands of amity and commerce which subsist between His Majesty and the said United States, we, Charles Gravier de Vergennes, etc., Counselor of the King in all his Councils, Commander of his Orders, Minister and Secretary of State, and of his Commands and Finances, vested with full powers of His Majesty to us given for this purpose—

¹ For a detailed study of this contract, see 2 Miller 48.

² TS 83, *ante*, p. 763.

And we, Benjamin Franklin, Minister Plenipotentiary of the United States of North America, in like manner vested with full powers of the Congress of the said States for the present purpose, after duly communicating our respective powers, have agreed to the following articles:

ARTICLE 1

It is agreed and certified that the sums advanced by His Majesty to the Congress of the United States under the title of a loan, in the years 1778, 1779, 1780, 1781, and the present 1782, amount to the sum of eighteen million of livres, money of France, according to the following twenty-one receipts of the above-mentioned underwritten Minister of Congress, given in virtue of his full powers, to wit:

1. 28 February...1778.....	750,000	}	3,000,000
2. 19 May.....do.....	750,000		
3. 3 August.....do.....	750,000		
4. 1 November...do.....	750,000		
<hr/>			
5. 10 June.....1779.....	250,000	}	1,000,000
6. 16 September...do.....	250,000		
7. 4 October.....do.....	250,000		
8. 21 December...do.....	250,000		
<hr/>			
9. 29 February...1780.....	750,000	}	4,000,000
10. 23 May.....do.....	750,000		
11. 21 June.....do.....	750,000		
12. 5 October.....do.....	750,000		
13. 27 November...do.....	1,000,000		
<hr/>			
14. 15 February...1781.....	750,000	}	4,000,000
15. 15 May.....do.....	750,000		
16. 15 August.....do.....	750,000		
17. 1 August.....do.....	1,000,000		
18. 15 November...do.....	750,000		
<hr/>			
19. 10 April.....1782.....	1,500,000	}	6,000,000
20. 1 July.....do.....	1,500,000		
21. 5 of the same month.....	3,000,000		
<hr/>			
Amounting in the whole to eighteen millions viz.....			18,000,000

By which receipts the said Minister has promised, in the name of Congress and in behalf of the thirteen United States, to cause to be paid and reimbursed to the royal treasury of His Majesty, on the 1st of January, 1788, at the house of his Grand Banker³ at Paris, the said sum of eighteen millions, money of France, with interest at five per cent per annum.

³ The French text reads "au domicile du S. Grand Banquier à Paris." The translation should read, as in the contract of Feb. 25, 1783 (*post*, p. 789), "at the house of the Sieur Grand, banker at Paris"; the reference is to Ferdinand Grand, a Swiss who had been appointed "a banker in the affairs of the United States."

ARTICLE 2

Considering that the payment of so large a capital at the one stipulated period, the 1st of January, 1788, may greatly injure the finances of the Congress of the United States, and it may perhaps be even impracticable on that footing, His Majesty has been pleased for that reason to recede in that respect from the tenor of the receipts which the Minister of Congress has given for the eighteen million livres tournois mentioned in the foregoing article, and has consented that the payment of the capital in ready money at the royal treasury be in twelve equal payments of 1,500,000 livres each, and in twelve years only, to commence from the third year after a peace.

ARTICLE 3

Although the receipts of the Minister of the Congress of the United States specify that the eighteen million of livres above mentioned are to be paid at the royal treasury, with interest at five per cent per annum, His Majesty, being willing to give the said United States a new proof of his affection and friendship, has been pleased to make a present of, and to forgive the whole arrears of interest to this day, and from thence to the date of the treaty of peace; a favor which the Minister of the Congress of the United States acknowledges to flow from the pure bounty of the King, and which he accepts in the name of the said United States with profound and lively acknowledgments.

ARTICLE 4

The payment of the said eighteen millions of livres tournois shall be in ready money at the royal treasury of His Majesty at Paris, in twelve equal parts and at the terms stipulated in the above second article. The interest of the said sum, at five per cent per annum, shall commence with the date of the treaty of peace, and shall be paid at every period of the partial payments of the capital, and shall diminish in proportion with the payments; the Congress of the said United States being left, however, at liberty to free themselves sooner from this obligation by anticipated payments in case the state of their finances will admit.

ARTICLE 5

Although the loan of five millions of florins of Holland, agreed to by the States General of the United Provinces of the Netherlands on the terms of the obligation passed on the 5th of November, 1781, between His Majesty and the said States General, has been made in His Majesty's name and guaranteed by him; it is nevertheless acknowledged by these presents that the said loan was made in reality on account and for the service of the United States of North America, and that the capital, amounting at a moderate valuation to the sum of ten millions livres tournois, has been paid to

the said United States, agreeably to a receipt for the payment of the said sum, given by the undersigned minister of Congress the seventh day of June last.

ARTICLE 6

By the convention of the said 5th of November, 1781, the King has been pleased to promise and engage to furnish and pay at the general counter of the States General of the Netherlands, the capital of the said loan, with the interest at four per cent per annum, without any charge or deduction whatever to the lenders; so that the said capital shall be wholly repaid after the space of five [fifteen] years, the payments to be made in ten equal periods, the first of which to commence the sixth year from the date of the loan, and afterwards from year to year to the final payment of the said sum; but it is in like manner acknowledged by this act that this engagement was entered into by the King at the request of the undersigned Minister of the United States, and on the promise by him made in the name of Congress and on behalf of the thirteen United States, to cause to be reimbursed and paid at the royal treasury of His Majesty at Paris, the capital, interest, and cost of the said loan, according to the conditions and terms fixed by the said convention of the 5th of November, 1781.

ARTICLE 7

It is accordingly agreed and settled that the sum of ten million livres tournois, being by a moderate computation the principal of the loan of five millions of Holland florins above mentioned, shall be reimbursed and paid in ready money at the royal treasury of His Majesty at Paris, with the interest at four per cent per annum, in ten equal payments of one million each, and in ten terms, the first of which shall be on the 5th of November, 1787, the second the 5th of November, 1788, and so from year to year till the final payment of the said sum of ten millions, the interest lessening in proportion with the partial payments of the capital. But in consequence of the King's affection for the United States, His Majesty has been pleased to charge himself with the expense of commissions and bank for the said loan, of which expenses His Majesty has made a present to the United States, and this their undersigned Minister accepts, with thanks, in the name of Congress, as a new proof of His Majesty's generosity and friendship for the said United States.

ARTICLE 8

With regard to the interest of the said loan during the five years preceding the first term of payment of the capital, as the King has engaged to pay it at the general counter of the States General of the Netherlands, at the rate of four per cent yearly, and every year, counting from the 5th of November, 1781, according to the convention of that day, the Minister of Congress acknowledges that the repayment of that is due to His Majesty by the United

States, and he engages in the name of the said United States to cause payment thereof to be made, at the same time and at the same rate, at the royal treasury of His Majesty; the first year's interest to be paid the 5th of November next, and so yearly during the five years preceding the first term for the payment of the capital, fixed as above on the 5th of November, 1787.

The high contracting parties reciprocally bind themselves to the faithful observance of this contract, the ratifications of which shall be exchanged in the space of nine months from this day, or sooner if possible.

In testimony whereof we, the said Plenipotentiaries of His Most Christian Majesty and of the thirteen United States of North America, in virtue of our respective powers, have signed these presents and thereunto fixed the seal of our arms.

Done at Versailles the sixteenth day of July, one thousand seven hundred and eighty-two.

GRAVIER DE VERGENNES [SEAL]

B. FRANKLIN [SEAL]